Perumbavur in the Kottayam Division. An allotment of Rs. 6,000 has been provided under "38. Miscellaneous" for contribution to the six Panchayats under Section 44 (3) of the Village Panchayat Regulation.

34. *Anchal.*—The working expenses of the Department increased from Rs. 3·41 lakhs in 1104 to Rs. 3·87 lakhs in 1106 and the net receipts from the Department in 1106 amounted only to Rs. ·07 of a lakh. The then existing Anchal rates were slightly increased with effect from 1st Makaram 1107 and brought up to the maximum rates fixed in the schedule appended to the Anchal Regulation. Even after this revision, our rates are the lowest in India.

35. *Land Mortgage Bank.*—I had in my speech introducing the budget estimates for the current year stated that the organisation of a Land Mortgage Bank was engaging the attention of Government. The Bank has since been opened as a Government concern and it started work on 4th Makaram 1107. His Highness the Maha Raja was graciously pleased to donate a sum of Bh. Rs. 1 lakh for the initial working expenses of the Bank and Government agreed to advance Rs. 4 lakhs. The gross receipts and working expenses of the Bank are detailed on page 26 of the Budget under the Major Head "XXVIII - State Land Mortgage Bank". The net receipts after deducting working expenses will be credited to the 'Reserve Fund' of the Bank under a new head of account under Debt Heads and not to general revenues.

CAPITAL EXPENDITURE NOT CHARGED TO REVENUE

36. *Railways.—Quilon-Trivandrum line.*—A provision of Rs. ·49 of a lakh is made for such of the capital works on the line as will be completed and accounted for during the next year. The works are detailed in Appendix F.

37. *Chackai-Tampanur Extension.*—The sanctioned estimate for the extension is Rs. 20·82 lakhs. The aggregate expenditure to the end of the current year is expected to stand at Rs. 24·68 lakhs. All the important works relating to the extension have been practically completed. A net provision of Rs. ·14 of a lakh is made for the next year pending receipt of the revised estimate from the Railway Engineer. The extension was opened for passenger traffic from 4th November 1931 and for goods traffic from 11th January 1932.

38. *Trivandrum Water Works.*—The aggregate expenditure to the end of the current year is expected to stand at Rs. 36·53 lakhs against the sanctioned estimate of Rs. 46·32 lakhs for the works to be immediately taken up. An allotment of Rs. 9·09 lakhs is provided for the next year.

39. *Trivandrum Electric Supply and Telephone Schemes.—Electric Supply.*—The total expenditure to the end of the current year is expected to stand at Rs. 6·54 lakhs. In view of the growing demand for electrical energy, it is proposed to instal a fifth generating set and to extend the Power House buildings. The supply lines are also proposed to be extended by two miles. An allotment of Rs. 1·15 lakhs has accordingly been provided under Capital Expenditure. This scheme is

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expected to yield a net return of Rs. ·35 of a lakh in 1108 after setting apart Rs. ·04 of a lakh for depreciation. This works up to more than 4·5 per cent. on the outlay. The Depreciation Fund is expected to stand at Rs. 1·40 lakhs at the close of 1108.

40. *Telephone.*—The telephone service was opened on 1st Edavam 1106 and the expenditure on the scheme at the close of the current year is expected to stand at Rs. ·92 of a lakh. An allotment of Rs. 10,000 has been provided for the work next year.

41. *Construction of a bridge at Neriamangalam across the Periyar.*—The sanctioned estimate for the work is Rs. 3·20 lakhs and the allotment of Rs. 1 lakh provided for the current year is expected to lapse. A provision of Rs. 1·75 lakhs has been made for expenditure during the next year.

42. *Pallivasal Hydro-Electric Scheme.*—As a result of the investigations already conducted, it is estimated that the total cost of the Pallivasal Hydro-Electric Scheme in its two stages would be about Rs. 36·75 lakhs.

In the first stage, it is intended to generate electrical energy at Pallivasal and distribute the same to the tea estates in the neighbourhood. The estimated cost of this stage is about Rs. 11·25 lakhs and the consumption of energy in the locality, which is expected to be about 5 million units in the first year, will bring in sufficient return to cover up interest, depreciation and working expenses. It is anticipated that, with the opening of new factories and the electrification of more of the existing factories in the Devicolam area, there would be considerable increase in the demand for energy which would eventually result in substantial net profits to Government.

The second stage in the development of the scheme consists in the transmission of energy from Pallivasal to Kottayam, from Kottayam to Alleppey and thence to Shertallai with subsidiary distribution lines to Changanachery and Tiruvalla, as well as to the Kuttanad *punja* areas. The estimated cost of this stage is about Rs. 25·5 lakhs. It is expected that about 4·6 million units of energy will be consumed in the area comprised in this stage of the scheme, and that the return from this consumption would be sufficient to leave a clear margin of net profits to Government, after making allowances for interest, depreciation and working expenses. One important aspect of the second stage of the scheme, especially from an economic point of view, is that the supply of energy to the oil mills at Shertallai and Alleppey would appreciably reduce the cost of milling of *copra*. The Kuttanad agriculturists would also be benefited by this scheme, as it would be possible for them to pump out water from Vembanad reclamation area at a cheaper rate by the use of electrical energy than they are able to do at present with the help of oil engines.

These forecasts are based on the minimum consumption of energy that might be expected in the early stages of the working of the scheme. It is very likely that the actual consumption would turn out to be greater in course of time as is proved by the experience of hydro-electric schemes elsewhere.

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A provision of Rs. 6 lakhs has been included in the budget for the next year, under Capital Works, for the execution of the first stage of the scheme.

43. *Sinking Funds.*—The capital expenditure met by the Secretary of State for India on account of the Shencotta-Quilon Railway amounts to Bh. Rs. 138·58 lakhs and the capital expenditure incurred by this State on the Quilon-Trivandrum line amounts Rs. 53·71 lakhs. The Sinking Funds created in connection with the Railway and the Debenture Loan of 1091 amount Rs. 80·30 lakhs and the whole sum is invested in gilt-edged securities.

44. *State Provident Fund.*—With a view to provide some facilities for Government servants to invest a portion of their savings to serve as an asset at the time of retirement, Government sanctioned the institution of a State Provindent Fund with effect from 1st Meenam 1107. The fund is open to all officers in permanent pensionable service under Government or Local Bodies and is compulsory in the case of all entrants into Government service after 1st Meenam last, who do not insure their lives in the State Life Insurance Scheme. Subscriptions to the Fund will for the present, carry compound interest at 5 per cent. per annum. Two thousand and five hundred officers on varying scales of pay have already expressed their desire to contribute to the Fund.

45. *Loans made by Government.—Agricultural Loans.*—On account of economic depression an allotment of Rs. 4·5 lakhs was provided in the current year's budget of which Rs. 3·5 lakhs was for the grant of ordinary agricultural loans and Rs. 1 lakh for the grant of special loans to the *punja* cultivators in Kuttanad. For the ensuing year Rs. 4 lakhs is provided of which Rs. 1 lakh is ear-marked for the grant of special loans to the *punja* cultivators in Kuttanad.

46. *Other Loans.*—A provision of Rs. half a lakh for industrial loans and of another half a lakh for miscellaneous loans and advances bearing interest is also made for the next year.

47. On account of the unprecedented fall in revenue and the heavy outlay on our capital undertakings, our cash balance in treasuries and in the Imperial Bank of India which was Rs. 42·69 lakhs at the beginning of the current year came down to Rs. 35·20 lakhs at the end of Vrischikam. In order to maintain an adequate cash balance in treasuries and provide funds for the capital works in progress, borrowed capital was necessary and His Highness the Maha Raja was pleased to grant a loan of Bh. Rs.10 lakhs from His Highness' private funds.

FINANCIAL POSITION.

48. A statement of our assets and liabilities as at the close of 1107 and 1108 is given on page 7 of the Budget Estimates. The total booked assets at the close of last year amounted to Rs. 345·89 lakhs and the liabilities to Rs. 204·40 lakhs and according to the revised estimates of the current year the assets would amount to Rs. 346·79 lakhs and the liabilities to Rs. 228·82 lakhs. Our surplus investments which stood at

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